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This Week in Canadian Agriculture: Issue 30 2008

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Report Highlights:

Canada to Reopen Talks with South Korea on Beef * Seaway Labor Agreement Reached *
Canadian Wheat Board Single Desk Status Safe for Now * Margarine in Trouble with the Law
* Record U.S. Fish and Seafood Sales to Canada

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA TO REOPEN TALKS WITH SOUTH KOREA ON BEEF: The Canadian Food Inspection Agency (CFIA) confirmed this week that Canada and South Korea are planning to restart negotiations in Seoul in early November to reopen the South Korean market to Canadian beef. Similar to the recent U.S./South Korea beef protocol it is expected that discussions will initially focus on re-opening the South Korean market for Canadian beef from animals under thirty months of age. *Comment: South Korea banned all Canadian beef and cattle following Canada's initial detection of BSE in May, 2003. During 2002, the last full year prior to international BSE bans on Canadian beef, South Korea was the third most important export market for Canadian beef. Exports in 2002 totaled almost 12,500 metric tons valued at C\$45 million (\$28 million). Canadian beef exports have not yet recovered to their pre-BSE level and renewed access to the South Korean beef market would be welcome news for the Canadian beef industry.*

SEAWAY LABOR AGREEMENT REACHED: The St. Lawrence Seaway Management Corporation announced that a three-year agreement was reached with the union negotiators representing the Corporation's 445 unionized employees. It is expected that the membership will ratify the agreement shortly. Prior to the announcement, stakeholders in Canada's grain and oilseed industry, which relies on the Seaway for the movement of about 6.0 million metric tons of grains and oilseeds annually, were growing increasingly concerned because the workers were in a strike position. The major contractual issue was the St. Lawrence Seaway Management Corporation's plan to increase automation at the 13 Canadian locks of the 15 lock system and replace up to 150 workers. See [CA8072](#) for background.

CWB SINGLE DESK STATUS SAFE FOR NOW: The global financial crisis, another minority government, and over supply and declining grain prices are all factors that will likely result in the Canadian Wheat Board being able to hold onto its monopoly powers over Western wheat and barley for a while longer. In the national election held October 14th, Canada's Conservative government failed for the third time to win a majority and therefore still needs the support of at least one opposition party to pass legislation. To date, all three opposition parties have expressed their support for the Canadian Wheat Board and have opposed the Conservative plan. Aside from the government being too busy trying to navigate the global financial crisis to make dismantling the CWB a priority, the popularity of the Canadian Wheat Board and its single desk seller status tends to increase in times of global economic slowdowns. However, the Canadian Wheat Board director elections at the end of November have the potential of seeing the number of pro-monopoly directors on the board shift from a slim majority to a minority. If the shift were to occur, the board would likely take the Canadian Wheat Board in a more open-market direction. Industry analysts speculate that this is less likely to occur now than if elections had taken place in the spring when grains prices peaked. With the world economy slowing, and with big crop harvests facing difficult marketing problems due to a credit crisis, a majority of producers may feel more secure selling through the CWB, thereby limiting the likelihood of pro-free market directors being elected in the November director elections.

MARGARINE IN TROUBLE WITH THE LAW: Just a few short months after Quebec repealed legislation that disallowed yellow food coloring to be used in margarine sold in Quebec, margarine is one again in trouble with the law. Officials in Quebec feel that multinational food and consumer product company Unilever's new margarine is violating Quebec's food labeling laws. Quebec officials are concerned that the new margarine's name "Becel Or au gout de beurre" (Becel Gold of the Buttery Taste), may be misleading to consumers, especially in light of the fact that the new margarine will be colored the same color as butter. According to *La terre de chez nous*, a provincial farm paper, the Quebec agriculture ministry (MAPAQ) has asked Unilever to change its label and is now analyzing the legal options should Unilever not comply. A website promoting the new margarine is available at the following web-address: http://www.aimetoncoeur.ca/fr_ca/default.aspx

RECORD U.S. FISH AND SEAFOOD SALES TO CANADA: Canada is the second most important single country market for exports of U.S. fish and seafood after Japan and accounted for almost 18% of total U.S. fish and seafood exports to the world. During 2007, U.S. fish and seafood exports to Canada increased to a record \$710.7 million, up almost 8% from \$659.7 million a year earlier. In recent years, the growing popularity of fish and seafood in the retail and foodservice segments of the marketplace has boosted demand for imports of U.S. edible fish and seafood products. For more information about the 2007 Canadian commercial catch and the Canadian import market for fish and seafood, see the Fishery Products Annual report, CA8071 available soon on the FAS/W website.

Exchange Rate: Noon rate, Wednesday, October 15, 2008 (Bank of Canada): U.S. Dollar = C\$1.1802

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